

Message Text

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14-11

ORIGIN AGR-10

INFO OCT-01 NEA-10 ISO-00 COME-00 AID-05 IO-10 CIAE-00

DODE-00 DOTE-00 EB-07 FMC-02 INR-07 NSAE-00 CG-00

OFA-01 DLOS-04 TRSE-00 /057 R

DRAFTED BY FAS/OTD:DRPICKETT:CLW

APPROVED BY NEA/EGY:LWSEMAKIS

FAS/AAO - MR. FREEMAN

FAS/OTD - MR. MAXWELL

COM/TR/AID - MR. PIERCE

FFP/AID - MR. MECKER

NESA/ME/AID - MR. ROBERTS

----- 033649

R 242220Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

UNCLAS STATE 148548

E.O. 11652: N/A

TAGS: EG

SUBJECT: TITLE I, PUBLIC LAW 480

1. DEPARTMENTS OF AGRICULTURE, STATE AND COMMERCE
(MARITIME ADMINISTRATION) EXTREMELY CONCERNED OVER FAILURE
EGYPT AUHORIZE PAYMENT OUTSTANDING 10 PERCENT FREIGHT
BALANCE DUE U.S. AND FOREIGN FLAG VESSELS PERFORMING
UNDER PL 480 TITLE I PROGRAM. U.S. FLAG VESSELS ARE OF
PRIMARY CONCERN AND ARE LISTED AS FOLLOWS:

PURCHASE	ARRIVE	LONG TONS
AUTHORIZATION	VESSEL	EGYPT (WHEAT)

30-502	VANTAGE HORIZON	12-20-74	25,835
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30-503	MARYLAND TRADER	1-6-75	20,000
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30-504	VANTAGE HORIZON	3-9-75	25,835
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30-504	MOUNT NAVIGATOR	4-8-75	25,835
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30-505	EAGLE TRAVELER	5-7-75	25,835
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30-505	THOMAS Q	5-2-75	25,835
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30-505 VANTAGE HORIZON 5-30-75 25,835

2. OTHER U.S. FLAG VESSELS NOW LOADING OR TO BE LOADED ARE AS FOLLOWS:

PURCHASE	ARRIVE	LONG TONS
AUTHORIZATION VESSEL	EGYPT	(WHEAT)
30-506 OGDEN CHALLENGER	6/15-25	29,526 (WHEAT,
30-506 EAGLE TRAVELER	6/15-25	24,605 (WHEAT)
30-506 BRINTON LYKES	6/12-2	9,393 (WHEAT)
30-506 ASHLEY LYKES	6/12-25	9,393 (WHEAT)
30-507 FREDERICK LYKES	7/15-31	6,768 (BAGGED FLOUR)
30-507 LESLIE LYKES	7/15-31	6,768 (BAGGED FLOUR)
30-507 LETITIA LYKES	8/10-25	8,131 (BAGGED FLOUR)
30-507 MAYO LYKES	8/10-25	8,131 (BAGGED FLOUR)
30-507 MARGARET LYKES	8/10-25	8,131 (BAGGED FLOUR)

IN VIEW CENTRAL BANK POOR PERFORMANCE TO DATE, STRONGLY REQUEST THAT L-C BE OPENED FOR EACH OF THESE VESSELS PRIOR LOADING. ALSO THERE ARE FIVE NON-U.S. FLAG VESSELS AWAITING PAYMENT 10 PERCENT FREIGHT BALANCE DUE WHILE EIGHT ADDITIONAL NON-U.S. FLAG VESSELS WILL BE LOADING BULK WHEAT AND BAGGED FLOUR DURING JUNE, JULY AND AUGUST.

3. NUMEROUS TELEGRAMS HAVE BEEN EXCHANGED WITH AMEMBASSY CAIRO PERTAINING TO CENTRAL BANK OPENING PROPER FREIGHT LETTERS OF CREDIT (L-C) (I.E. LC'S WHICH COVER 100 PERCENT OF FREIGHT LOST FOR ENTIRE CARGO AND WHILE ARE OPENED THROUGH SAME BANK WHICH HOLDS ASSIGNMENT FROM CCC.) AS EXAMPLE, CAIRO 1037, DATED JANUARY 28, 1975, WHEREIN MINISTER OF MARITIME AFFAIRS WROTE AMBASSADOR AS FOLLOWS: QUOTE. I TAKE THIS OPPORTUNITY TO ASSURE YOU THAT THE UNCLASSIFIED

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EGYPTIAN GOVERNMENT AUTHORITIES ARE TAKING IMPORTANT STEPS TO FACILITATE FORMALITIES TO EXPEDITE THE OPENING OF LETTERS OF CREDIT SO THAT THIS PAST EXPERIENCE (MARYLAND TRADER PROBLEM) WILL NOT BE REPEATED, AND I HOPE THE RESULTS WILL APPEAR REAL SOON. UNQUOTE. IN SPITE OF THIS ASSURANCE ONLY ONE VESSEL, MOUNT JULIE (PANAMANIAN FLAG) HAS RECEIVED FULL PAYMENT.

4. INFORMAL GRIEVANCE PROCEDURE ATTENDED BY AGRICULTURE, STATE AND COMMERCE (MARITIME ADMINISTRATION), PERALTA (EGYPTIAN FREIGHT AGENT) AND U.S.-FLAG VESSEL REPRESENTATIVES ON JUNE 16. CARRIERS APPEAR READY PROCEED WITH LEGAL ACTION AGAINST MARTRANS IN ORDER OBTAIN 10

PERCENT FREIGHT DUE. ANOTHER MEETING HELD JUNE 17
ATTENDED BY AGRICULTURE, STATE AND COMMERCE (MARITIME
ADMINISTRATION) IN ATTEMPT SOLVE PROBLEM. NO APPARENT

SOLUTION EXCEPT THAT U.S.-FLAG CARRIERS MAY REFUSE LOAD
CARGO WITHOUT L-C WHICH COVERS 100 PERCENT OF FREIGHT
OR IF CARGO LOADED WITHOUT L-C CARRIER MAY PLACE LIEN
ON CARGO. FURTHER, USDA MAY GIVE SERIOUS CONSIDERATION
TO WITHHOLDING ISSUANCE OF PURCHASE AUTHORIZATIONS UNTIL
SUCH TIME AS SPECIFIED LUMP SUM FREIGHT L-C OPENED IN
FAVOR USDA FOR ALL UNPAID FREIGHT.

5. WE BELIEVE IT IMPORTANT THAT EMBASSY MAKE SUITABLE
APPROACH TO GOE ON THIS MATTER SO THAT GOE FULLY
UNDERSTANDS THE SERIOUSNESS AND POTENTIAL DIFFICULTIES
THIS PROBLEM COULD CAUSE AS LONG AS IT IS UNRESOLVED.
KISSINGER

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Message Attributes

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Draft Date: 24 JUN 1975
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
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